

The Manitoba  
Water Services Board

La Commission des Services  
d'approvisionnement en eau du Manitoba

**Annual Report  
2008-2009**

**Rapport annuel  
2008-2009**

**Manitoba** 



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Water Services Board

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MINISTER OF INFRASTRUCTURE  
AND TRANSPORTATION

Room 203  
Legislative Building  
Winnipeg, Manitoba, CANADA  
R3C 0V8

September 9, 2009

The Honourable Philip S. Lee  
Lieutenant Governor of Manitoba  
Government House  
200 Kennedy Street  
Winnipeg MB R3C 1S4

Your Honour:

It is my pleasure to present to you The Manitoba Water Services Board Annual Report for the period extending from April 1, 2008 to March 31, 2009. This report records the activities of the Board for that period.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ron Lemieux".

Ron Lemieux  
Minister of Infrastructure and Transportation







**Infrastructure and Transportation**

The Manitoba Water Services Board

P.O. Box 22080

2022 Currie Boulevard, Brandon, Manitoba, Canada R7A 6Y9

T 204-726-6076 F 204-726-6290

September 9, 2009

Honourable Ron Lemieux  
Minister of Infrastructure and Transportation  
Room 203, Legislative Building  
Winnipeg MB R3C 0V8

Dear Minister:

I have the honour of presenting to you the 37th Annual Report of The Manitoba Water Services Board for the fiscal year ending March 31, 2009, together with the financial statements for the same period.

Yours sincerely,

Andrew Horosko  
Chairman







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## Table of Contents

### *Table des matières*

Title Titre	Page Page
Minister's Letter of Transmittal	3
Chairman's Letter of Transmittal	5
The Manitoba Water Services Board	9
La Commission des services d'approvisionnement en eau du Manitoba	9
Message From The CEO	12
Activities Carried Out To Meet the Objectives	13
Water Treatment Plants	13
Sewer and Water Program	16
Auditor's Report	

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## The Manitoba Water Services Board

Box 22080, Brandon MB R7A 6Y9

Phone: 204-726-6076 Fax: 204-726-6290

Web: [www.gov.mb.ca/mit/mwsb/](http://www.gov.mb.ca/mit/mwsb/)

### BOARD:

**Andrew Horosko** (Chairman)  
Deputy Minister  
Infrastructure and Transportation

**Albert Delichte**  
Ethelbert, Manitoba

**Greg McCullough**  
Winnipeg, Manitoba

**Wayne Motheral**  
Morden, Manitoba

**Vacant<sup>1</sup>**

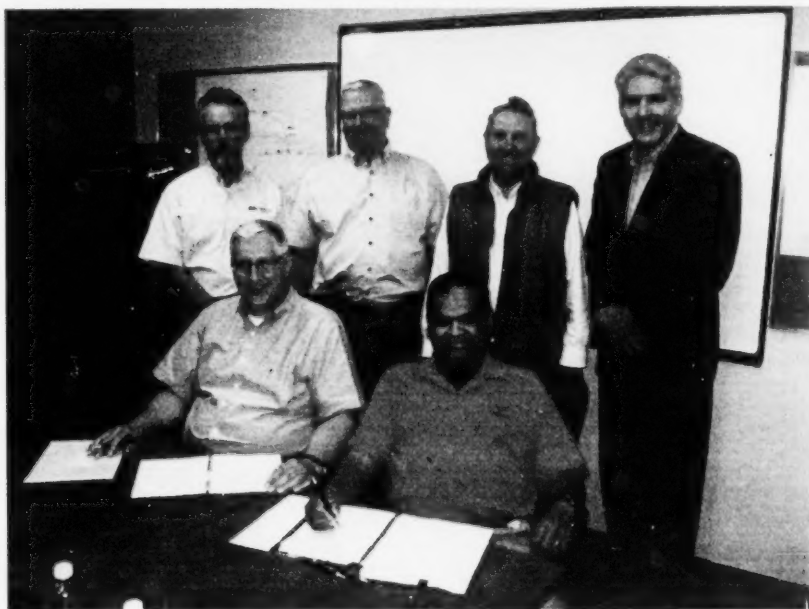
### MANAGEMENT:

**R. (Dick) Menon**, P.Eng. (General Manager)  
Phone: 204-726-6073  
Email: [Dick.Menon@gov.mb.ca](mailto:Dick.Menon@gov.mb.ca)

**Dave Shwaluk**, P.Eng. (Engineering)  
Phone: 204-726-6084  
Email: [Dave.Shwaluk@gov.mb.ca](mailto:Dave.Shwaluk@gov.mb.ca)

**Ray Foreman**, P.Eng. (Operations)  
Phone: 204-726-6083  
Email: [Ray.Foreman@gov.mb.ca](mailto:Ray.Foreman@gov.mb.ca)

**Cheryl Brigden** (Finances)  
Phone: 204-726-6093  
Email: [Cheryl.Brigden@gov.mb.ca](mailto:Cheryl.Brigden@gov.mb.ca)



Standing from Left: Greg McCullough, Wayne Motheral, Albert Delichte, Doug McNeil  
Seated from Left: Andrew Horosko, Dick Menon

<sup>1</sup>vacant

# The Manitoba Water Services Board

## Foreword

The Manitoba Water Services Board (Board) was established in July 1972 as a Crown Corporation, under *The Manitoba Water Services Board Act*, to assist in the provision of water and sewerage facilities for the residents of rural Manitoba. The Board replaced The Manitoba Water Supply Board (1959-1972), taking over all responsibilities of the former Board, owning and operating 38 water supply installations in the Province.

In August 1981, the head office of The Manitoba Water Services Board, formerly in Winnipeg, was transferred to Brandon, Manitoba. The Board's primary mandate is the delivery of a Sewer and Water Program, which provides for the installation or upgrading of sewer and water facilities in Manitoba communities.

In 1984, the Board assumed the responsibility of delivering a Water Development Program, which provides for the construction of agricultural area pipelines and farm water sources, with the primary objective being to provide a dependable, sustainable water supply in rural Manitoba. The Board has also been involved in a number of partnership agreements with the Government of Canada, the most recent one being the Partnership Agreement on Municipal Water Infrastructure (PAMWI).

In 1994, the Board assumed responsibility for managing the Conservation Districts Program. Although the Board is no longer responsible for the Conservation Districts Program activities, it continued to provide banking functions for the capital grants to the Districts until March 31, 2007.

The Board, made up of four citizen members chaired by the Deputy Minister of Manitoba Infrastructure and Transportation, reports to the Legislature through the Minister of Infrastructure and Transportation. The Board's activities are managed by a team headed by the General Manager.

The Board, under the authority of the Act, may enter into agreements with any organized area of the Province, including municipalities, local government districts, villages, towns and cities, excluding (a) the City of Winnipeg, (b) the areas under the jurisdiction of the Minister of Aboriginal and Northern Affairs, and (c) those areas of the Province under Federal Government jurisdiction.

# La Commission des services d'approvisionnement en eau du Manitoba

## Avant-propos

La Commission des services d'approvisionnement en eau du Manitoba est une société d'État créée en juillet 1972 en vertu de la *Loi sur la Commission des services d'approvisionnement en eau du Manitoba*. Sa raison d'être est de faciliter l'approvisionnement en eau et l'installation de systèmes de traitement des eaux usées au bénéfice des résidents des régions rurales du Manitoba. La Commission a succédé à la Manitoba Water Supply Board (1959-1972), héritant de toutes ses responsabilités ainsi que des 38 stations d'approvisionnement en eau qu'elle gère dans l'ensemble de la province.

En août 1981, le siège social de la Commission des services d'approvisionnement en eau du Manitoba a été transféré de Winnipeg à Brandon, au Manitoba. La mission principale de la Commission consiste à mettre en œuvre le Programme de service d'eau et d'égouts qui s'occupe de l'installation et de l'amélioration des systèmes d'eau et d'égouts dans les communautés du Manitoba.

En 1984, la Commission a pris en charge la mise en œuvre du Programme pour l'amélioration des services d'approvisionnement en eau. Ce programme se consacre à la construction de canalisations d'eau dans les régions agricole et à la construction d'infrastructures d'approvisionnement des fermes en eau. L'objectif principal est de fournir aux régions rurales du Manitoba un approvisionnement en eau fiable et renouvelable. Bien que la Commission des services d'approvisionnement en eau du Manitoba ne soit plus responsable des activités du Programme des districts de conservation, elle continue de fournir des services bancaires pour les subventions d'immobilisation accordées aux districts.

En 1994, la Commission a pris en charge la gestion du Programme des districts de conservation. Bien que la Commission des services d'approvisionnement en eau du Manitoba ne soit plus responsable des activités du Programme des districts de conservation, elle a continué de fournir des services bancaires pour les subventions d'immobilisation accordées aux districts jusqu'au 31 mars 2007.

La Commission formée de quatre particuliers et présidée par le sous-ministre d'Infrastructure et Transports Manitoba, rend compte à l'Assemblée législative par l'intermédiaire du ministre de l'Infrastructure et des Transports. Les activités de la Commission sont gérées par une équipe dirigée par le

Once an application for assistance or a resolution is received, the Board prioritizes the project and subject to availability of funds and approvals, makes the necessary physical and technical investigations, an offer (Agreement) is submitted to the municipality for the construction of new works, extensions and/or improvements to existing works. After the municipality has received the necessary Municipal Board approvals, the Agreement is executed and the Board enters into the necessary contracts for Engineering services and construction of the works. Generally, the Board provides Project Management, including interim financing and tendering of all construction contracts, for the projects undertaken.

directeur général.

En vertu de la *Loi*, la Commission peut conclure des ententes avec toutes les administrations locales de la province, notamment les municipalités, les districts d'administration locale, les villages et les villes, à l'exception a) de la ville de Winnipeg, b) des régions relevant du ministre des Affaires autochtones et du Nord et c) des régions de la province relevant du gouvernement fédéral.

Dès qu'elle reçoit une demande d'aide ou une résolution, la Commission détermine la priorité du projet. Puis, sous réserve d'acceptation et de fonds disponibles, elle effectue les recherches physiques et techniques nécessaires. On présente alors à la municipalité une offre (entente) de construction des nouveaux ouvrages, ou d'extension ou d'amélioration des ouvrages existants. Dès que la municipalité obtient les approbations indispensables de son conseil municipal, l'entente est mise en œuvre et la Commission entame le processus nécessaire d'attribution des contrats de services d'ingénierie et de construction des ouvrages. En règle générale, la Commission assume la gestion du projet, y compris le financement provisoire et les appels d'offres pour tous les contrats de construction.

## Objectives

The Manitoba Water Services Board has the following specific objectives:

- a) To assist municipalities with the construction of all plants and works necessary for obtaining, collecting, storing, treating, purifying and transmitting water.
- b) To assist municipalities in the transmission of water from a source of supply or a point of storage to a point of acceptance by the individual.
- c) To assist municipalities with the construction of works for the collection of sewage.
- d) To assist municipalities with the construction of works for the treatment and disposal of sewage.
- e) To assist agricultural communities with the upgrading of water supply/treatment facilities and/or sewage treatment systems.

## Capital Programs

To meet its objectives, the Board enters into agreements with Municipalities and/or Water Cooperatives, to provide technical and financial assistance to construct and/or upgrade water and/or sewerage infrastructure works. The primary objective is to ensure that a safe and sustainable water supply is available and that the wastewater is treated and disposed of in an environmentally sustainable manner.

Generally, the Board's total annual expenditure for water and sewerage, including Municipal and Federal contribution, is approximately \$30.0M.

## Objectifs

Voici les objectifs précis de la Commission des services d'approvisionnement en eau du Manitoba :

- a) aider les municipalités à construire les stations et ouvrages nécessaires pour se procurer l'eau, la recueillir, l'entreposer, la traiter, la purifier et l'acheminer;
- b) aider les municipalités à acheminer l'eau de sa source ou de son lieu d'entreposage jusqu'au point d'alimentation accepté par les particuliers;
- c) aider les municipalités à construire les ouvrages nécessaires à la collecte des eaux usées;
- d) aider les municipalités à construire les ouvrages nécessaires au traitement et à l'évacuation des eaux usées;
- e) aider les communautés agricoles à améliorer les installations d'approvisionnement et de traitement des eaux naturelles, ainsi que les systèmes de traitement des eaux usées.

## Programmes 'immobilisations

Pour atteindre ses objectifs, la Commission conclut des ententes avec les municipalités ou les coopératives d'eau afin de fournir une aide technique et financière leur permettant de construire ou d'améliorer des infrastructures hydrauliques ou de traitement des eaux usées. L'objectif principal est de garantir un approvisionnement en eau sécuritaire et renouvelable, ainsi que le traitement et l'évacuation des eaux usées d'une façon renouvelable et respectueuse de l'environnement.

En général, les dépenses totales réalisées par la Commission en matière d'eau naturelle et d'eau usée sont d'environ 30 millions de dollars par an (ce qui inclut les contributions municipales et fédérales).

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## Message From The CEO

How quickly time flies when you're having fun!

This year we celebrate the 50<sup>th</sup> Anniversary of the creation of The Manitoba Water Supply Board in 1959, as a Crown Corporation to assist municipalities to develop sustainable water supply and treatment systems. The first project the Board undertook was a regional water supply that brought treated water from the City Neche, North Dakota, to the water short Town of Altona and our surrounding areas.

Between 1959 and 1972, the Board developed about fifty (50) water supply and treatment systems, with the Board acting as Project Managers and bankers and recovering the local costs through wholesale water rates, over a thirty five (35) year period.

In 1972, with the growing demand for developing cost effective wastewater systems, the Act was amended to create The Manitoba Water Services Board. The new Act allowed the Board to provide grants towards the development of municipal water and wastewater projects, in addition to project managing and loaning of funds for the local share of costs.

1972 was also the beginning of a long term partnership with Federal Prairie Farm Rehabilitation Administration (PFRA) to drought proof agro-Manitoba. In spite of the fact that Manitoba has a bountiful supply of fresh water, most of the southern agro-Manitoba was prone to periodic droughts. The droughts experienced in the early 80's, brought to the forefront the need to develop Regional Water strategies. Over the last thirty seven (37) years, Regional water systems and rural pipelines have been installed in over fifty (50) municipalities, serving over 100,000 people, in partnership with PFRA.

In 1981, the Board's operation was moved to Brandon from Winnipeg, which also required a change to the Act. In the mid 90's Manitoba Water Services Board was asked by the Government to develop a Regional Water System on a pilot basis, as a Public Private Partnership. In 1997-98, The Manitoba Water Services Board concluded negotiations with a private consortium for the development of the Consortive Regional System, the first and only such water system in Manitoba that has been developed as a P3. The Act was also changed to allow the Board to enter into other partnerships with private enterprises in the future.

The success of the Board, over the past fifty (50) years, is primarily due to the enthusiastic and dedicated staff, both past and present. I would be remiss if I did not mention our collective appreciation to, by the Board members and Ministers, without whose support all of the achievements would not have been possible. I would also like to thank our project partners, the Municipalities and Water Co-operatives for helping us develop the "can do" attitude.

As we look to the future challenges, I would like to wish the Manitoba Water Services Board, its staff and Board members, the very best. On a personal note, it has been a pleasure and privilege to serve the people of Manitoba over the past thirty five (35) years.

August 2009

Dick Menon, M. Eng., P. Eng.  
General Manager/CEO



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# Activities Carried Out To Meet The Objectives

## Water Treatment Plants

### 1.0 Previously Constructed Works

The Manitoba Water Services Board assumed responsibility for 38 water treatment plants constructed between 1961 and 1972, under the authority of *The Manitoba Water Supply Board Act*.

To meet the objectives of the Board and at the request of the municipalities, the Board has transferred the following water treatment plants:

Hartney, Town	January 1, 1979
Altona, Gretna, Rhineland	March 31, 1987
Letellier, (Montcalm, R.M.)	March 31, 1987
Winkler, Town	January 1, 1989
Holland, (Victoria, R.M.)	December 1, 1991
Gilbert Plains, Town	April 1, 1992
Dominion City, (Franklin, R.M.)	July 1, 1993
St. Jean Baptiste, (Montcalm, R.M.)	December 31, 1993
Ste. Rose du Lac, Village	December 31, 1993
Ste. Agathe, (Ritchot, R.M.)	April 1, 1994
Hamiota, Town	January 1, 1998
Erickson, Town	January 1, 1998
Cartwright, Village	January 1, 1998
Deloraine, Town	April 1, 1998
St. Claude, Village	April 1, 1998
Kenton, (Woodworth, R.M.)	July 1, 1998
Angusville, (Silver Creek, R.M.)	January 1, 1999
Manitou, Town	April 1, 1999
Reston, (Pipestone, R.M.)	April 1, 1999
Russell, Town	April 1, 1999
Elie, (Cartier, R.M.)	June 1, 1999
Pilot Mound, Town	August 1, 1999
Benito, Village	April 1, 2000
Kelwood, (Rosedale, R.M.)	October 1, 2000
Rosburn, Town	November 1, 2000
McCreary, Village	April 1, 2002
Minitonas, Town	March 1, 2003
Bowsman, Village	March 31, 2003
Ethelbert, Village	March 31, 2003
Belmont, (Strathcona, R.M.)	April 1, 2003
Sandy Lake (Harrison, R.M.)	April 1, 2006
Somerset, Village	March 31, 2007

*The Manitoba Water Services Board Act* requires the Board to set water rates for plants constructed prior to 1972 to recover all capital, operation and maintenance costs. The rates set by the Board are in accordance with a detailed water rate study conducted by the Board, indicating a return of full capital costs and operating deficits.



At the beginning and ending of the fiscal year the Board owned and/or operated six (6) water treatment plants and two (2) Regional Water Supply Systems.

Effective April 1, 2008 water rates were increased at Baldur, Inglis, Notre Dame de Lourdes, Oak River and Strathclair. The water rate for Winnipegosis remained unchanged. Rates were determined by the Consumer Price Index of 2.1%, plus increases to cover capital costs. The Manitoba Water Services Board has offered to continue to operate the six (6) water treatment plants, until the deficits are fully recovered through water rates.

### Water Treatment Plants (Previously Constructed Works)

Sale of Water Town or Municipality	Consumption 2008-09	Actual Cost of Production per 1,000 I.G.	April 1/09 Selling Price 1,000 I.G.	Type of Treatment
Argyle, (R.M.)(Baldur)	4,907,800	10.50	10.71	A,B,C,D
Blanshard, (R.M.)(Oak River)	3,834,900	10.41	10.83	B,C,D
Notre Dame de Lourdes, Village	19,086,500	5.48	5.48	B,C,D
Shellmouth-Boulton, (R.M.)(Inglis)	3,909,881	14.56	14.85	B,C,D
Strathclair, (R.M.)(Strathclair)	5,299,128	10.00/10.20	10.20	B,C,D
Winnipegosis, Village	10,062,099	8.53	8.53	A,C,D

#### Type of Treatment:

A - Fluoridation

B - Green Sand Filtration

C - Chlorination

D - Membrane

## 2.0 Cartier Regional Water Supply System

In 1999, the Board entered into a Public Private Partnership (P3) agreement with CWP Limited Partnership of Winnipeg on behalf of the Rural Municipalities of Cartier, Headingley, Portage la Prairie and St. Francois Xavier, to design, build and operate the Cartier Regional Water Supply System (Cartier Regional). The ownership of the system will be transferred to the Municipalities when all of the Capital and Operating debts are fully paid. The Board and the Co-op are developing plans to take over the day to day operation of the system in 2009-10.

The four municipalities have, in turn, formed a cooperative, Cartier Regional Water Co-op Inc. (Co-op), for the administration and the eventual ownership of the utility. The Board is represented on the Co-op Board, as an ex-officio member. The Board, at the request of the Co-op, is Project Managing, including financial management, the system, until the system debts are fully paid through user fees.

The wholesale water rates for 2008-09 were set by the Board at \$7.91 per 1,000 Imperial gallons. The Board, with the concurrence of the Co-op, has increased the rates effective April 1, 2009 to \$8.07, an increase of 2% which represents the Consumer Price Index (CPI) increase over the previous year.

Cartier Regional also provides water supply to the Rural Municipality of Grey and the Headingley Correctional Institute. In 2008-09, the Regional System was extended into the Rural Municipalities of Rosser, Woodlands, and Rockwood.



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### **3.0 Yellowhead Regional Water System**

The area west of the City of Portage la Prairie has generally been referred to as a water short area, susceptible to periodic droughts. Over the past 20 years, MWSB has been working with the area municipalities to develop a sustainable, cost effective option for drought proofing. With the extension of the City of Portage la Prairie's water to the Simplot development in 2002, the option to connect to the City system became a reality.

In 2005, the Yellowhead Regional Water Co-op Inc. was formed with membership consisting of the R.M.s of Westbourne and North Norfolk, the Town of Gladstone and the Town of MacGregor. The Manitoba Water Services Board serves on the Co-op Board as an ex-officio member. Construction of the Yellowhead Regional Water Supply System, including all phases, estimated to cost approximately \$30.0M, began in 2006-07.

In 2006-07, construction was completed to extend the mainline from the City of Portage la Prairie to the Villages of Bagot, Westbourne and the Town of Gladstone and to rural residents in the area. In 2007-08, construction was completed to extend main lines to MacGregor, Austin, Ogilvie and to rural residents in the surrounding areas.

During 2008-09 the system was extended into the Rural Municipality of Lansdowne. Future extensions are anticipated into the Rural Municipality of Langford and the Town of Neepawa.

Under the agreement signed between the Co-op Board and MWSB, the local cost of the mainlines are to be recovered through water sales. The Manitoba Water Services Board has agreed to act as Project Manager, until all capital and operating debt is fully recovered. Also, under the agreement it was determined that the inaugural wholesale water rate would be \$7.50 per 1000 Imperial gallons.

In reviewing the water rates for 2009-10, it was determined that the system is generating sufficient revenues, and as such a water rate increase was not necessary.

### **4.0 G3 Regional Water System**

In 2008-09, The Manitoba Water Services Board signed an agreement with the Towns of Grandview, Gilbert Plains and the Rural Municipality of Gilbert Plains, to develop a Regional Water System. A Water Co-operative was formed with the three (3) municipalities, with the Manitoba Water Services Board as an ex-officio member. The Manitoba Water Services Board will project manage construction and operation activities until all of the local share of the debts are fully paid, through water rates.

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# Sewer and Water Program

## 1.0 Capital Works

The Board enters into agreements with municipalities and/or registered Co-operatives, for projects that have been accepted for assistance. Under the terms of the agreement, the Board provides complete project management in the delivery of the project including:

- Conducting conceptual/feasibility studies to develop the best sustainable, cost effective option.
- Public consultation with local ratepayers, including open houses.
- Retaining of consulting engineering firms to undertake pre-design, functional design, detailed design, environmental impact assessments, construction supervision and post construction warranty services.
- Obtaining all easements and approvals.
- Public tendering of construction or design-build contracts and entering into contracts.
- Providing interim financing for the projects and billing municipalities for the local share of project costs.
- Providing a one year warranty after substantial completion of Construction.

In 1997, The Manitoba Water Services Board's grant formula was changed, wherein a 2-tier system was adopted. Details of the grant formulas are available at [www.gov.mb.ca/mit/mwsh/](http://www.gov.mb.ca/mit/mwsh/).

Sewer and water activities, including feasibility studies, design and construction, resulted in a total expenditure of \$38.8M in 2008-09, of which \$11.95M was contributed by the Province. Project management and interim financing were provided to 20 substantially completed, 34 ongoing and 22 new projects during the year.

During 2008-09, the following major projects were substantially completed.

- Extended the Cartier Regional System to Rosser, Rockwood, Woodlands and Peony Farms at a cost of \$7.5M.
- Completed the \$4.0M extensions of the Yellowhead Regional system in North Norfolk, Westbourne and Lansdowne.
- Completed a \$1.0M upgrade to the City of Portage la Prairie's water treatment plant.
- Further extensions of the rural water pipelines in the Rural Municipalities of Grey, Stanley and Wallace.

Sewer and Water Projects Substantially Completed during 2008-09 were:

<b>Project</b>	<b>Work Description</b>	<b>Project Costs</b>	<b>Provincial Grants</b>
Argyle (3), R.M. (Baldur)	Water Treatment Plant Upgrade	\$331,529	\$165,764
Coldwell (3), R.M.	CCTV Sewer Inspection	93,824	46,912
Gilbert Plains (10), R.M.	Water Supply Study	33,704	16,852
Grandview (10), Town	Environment Act License	30,617	15,309
Grey (6), R.M.	Water Treatment Plant Upgrade	175,486	87,743
Harrison (5), R.M.	Lagoon Feasibility Study	30,833	15,417
Lansdowne (4), R.M.	Water Supply & Reservoir	796,203	68,101
Macdonald (9), R.M. (La Salle)	Water Reservoir	668,096	334,048
Minnedosa (3), Town	Water Supply Upgrade	495,130	247,565
Niverville (3), Town	Water Supply Study	31,815	15,908
Portage la Prairie (30), City	Water Treatment Plant Upgrade	1,066,749	533,374
Portage la Prairie (32), R.M. (Peony)	Sewer and Water System	2,461,388	738,416
Rockwood (3), R.M.	Water Supply Line Extension	438,488	131,546
Rosser (2), R.M.	Water Supply System	4,431,630	2,215,815
Shoal Lake (8), R.M. (Oakburn)	Lagoon Predesign	20,985	10,493
Snow Lake (7), Town	Wastewater Treatment Plant Assessment	38,864	19,432
Springfield (2), R.M.	Regional Wastewater System	4,761,377	2,380,689
Stuartburn (4), R.M.	Water Treatment Plant Upgrading	102,817	51,408
<b>Total</b>		<b>\$16,009,535</b>	<b>\$7,094,792</b>

Sewer and Water Projects Under Design and/or Construction during 2008-09 were:

Project	Work Description	Agreement Estimate	Estimated Grants
Arborg (10), Town	Watermain Renewals	\$400,000	\$120,000
Brenda (3), R.M.	Water Development Study	45,000	15,000
Cartwright (5), Village	Water Treatment Plant Upgrade	400,000	200,000
Crystal City, Village	Wastewater Stabilization Pond Study	40,000	20,000
Flin Flon (9), City	Water Supply Line & Water Meters	7,600,000	4,560,000
G3 Regional Water Co-op	Regional Water Treatment Plant	3,588,000	1,794,000
Gilbert Plains (12), Town	Water Supply Pipeline and Water Plant retrofit	1,520,000	760,000
Gimli (10), R.M.	Sewage Treatment Plant	10,782,706	4,000,000
Gimli (11), R.M.	Outfall Line & Forcemain	6,250,000	3,125,000
Grandview (11), Town	Water Supply Pipeline and Water Plant retrofit	2,000,000	1,000,000
Grey (10), R.M.	Water Supply Pipeline	500,000	166,666
Headingley (6), R.M.	Wastewater Treatment Plant	14,000,000	7,000,000
Killarney-Turtle Mountain (3), R.M.	Water Supply & Treatment Study	250,000	125,000
Lac du Bonnet (7), Town	Watermain Renewals	2,800,000	372,000
MacGregor (4), Town	Wastewater Lagoon Study	75,000	37,500
Melita (4), Town	Water Supply System	3,000,000	1,500,000
Melita (5), Town	Water Supply Pipeline	1,000,000	333,333
Neepawa (14), Town	Pipeline and well field Development Study	200,000	100,000
North Norfolk (3), R.M.	Water Supply Pipeline	1,900,000	500,000
Roblin (10), Town	Water Treatment Plant Design	200,000	100,000
Rosedale (6), R.M.	Lagoon Feasibility Study	40,000	20,000
Rosser (3), R.M.	Rural Water Pipelines	1,500,000	500,000
Shellmouth (7), R.M.	Inglis Wastewater Lagoon	630,000	-
St. Francois Xavier (4), R.M.	Rural Water Lines	1,500,000	500,000
Snow Lake (8), Town	Wastewater Treatment Plant Predesign	125,000	62,500
Springfield (4), R.M.	Lagoon Decommissioning & Water System Functional Design	1,000,000	500,000
Stanley (10), R.M.	Water Supply Pipeline	3,000,000	333,333
Stuartburn (5), R.M.	Sewer Renewal	200,000	100,000
Wallace (10), R.M.	Water Supply Pipeline	1,000,000	333,333
Westbourne (6), R.M.	Water Supply Pipeline	1,500,000	500,000
Winnipegosis (9), Town	Water Plant Study & Membrane Replacement	60,000	30,000
Woodworth, R.M.	Regional Water Expansion Study	30,000	10,000
Yellowhead (3), Regional Co-op	Regional Water Pipeline (Lansdowne)	900,000	450,000
<b>Total</b>		<b>\$68,035,706</b>	<b>\$29,167,665</b>

Sewer and Water Construction Agreements Signed during 2008-09 were:

Project (Agreement)	Work Description	Date Signed	Estimated Project Cost
Arborg (10), Town	Watermain Renewals	May 9, 2008	\$400,000
Brenda (3), R.M.	Water Development Study	January 29, 2009	45,000
G3 Regional Water Co-op	Regional Water Treatment Plant	January 19, 2009	3,588,000
Gilbert Plains (12), Town	Water Supply Pipeline & Water Treatment Plant Retrofit	January 29, 2009	1,520,000
Grandview (11), Town	Water Supply Pipeline & Water Treatment Plant Retrofit	January 29, 2009	2,000,000
Gladstone (6), Town	Watermain Renewals	March 31, 2009	1,000,000
Grey (10), R.M.	Water Supply Pipeline	July 25, 2008	500,000
Killamey-Turtle Mountain (3), R.M.	Water Supply & Treatment Study	October 6, 2008	250,000
Melita (5), Town	Water Supply	November 4, 2008	1,000,000
Neebawa (14), Town	Water Supply Pipeline & Well Field Development Study	January 29, 2009	200,000
North Norfolk (3), R.M.	Water Supply Pipeline	July 25, 2008	1,900,000
Roblin (10), Town	Water Treatment Plant Design	July 9, 2008	200,000
Rosser (3), R.M.	Rural Water Lines	September 9, 2008	1,500,000
Shellmouth-Boulton (7), R.M.	Lagoon Expansion	September 19, 2008	630,000
Snow Lake (8), Town	Wastewater Treatment Plant Pre-Design & License	December 29, 2008	125,000
Springfield (4), R.M.	Lagoon Decommissioning & Water System Functional Design	July 25, 2008	1,000,000
St. Francois Xavier (4), R.M.	Rural Water Lines	November 20, 2008	1,500,000
Stanley (10), R.M.	Water Supply Pipeline	August 22, 2008	3,000,000
Wallace (10), R.M.	Water Supply Pipeline	July 25, 2008	1,000,000
Westbourne (6), R.M.	Water Supply Study	July 25, 2008	1,500,000
Woodlands (4), R.M.	Water & Wastewater System Upgrades	March 24, 2009	1,350,000
Woodworth, R.M.	Regional Water Expansion Study	February 24, 2009	30,000
<b>Total</b>			<b>\$24,238,000</b>

## **2.0 Project Management**

The Board has 50 years of experience in Project Managing the development of water and wastewater infrastructure. The Board, when requested and subject to availability of staff resources, agrees to act as Project Manager for other Provincial Departments and/or Municipalities. A memorandum of understanding (MOU) is signed with the requesting agency. All the project costs, including MWSB technical staff costs are recovered from the requesting agency.

### **2.1 Manitoba Conservation – Parks Branch**

During 2008-09, the Board provided project management for the following Provincial Parks

- Lagoon upgrade Birds Hill Provincial Park
- Sewage lagoon upgrade at Grindstone Provincial Park

### **2.2 Manitoba Infrastructure and Transportation (MIT) – Accommodation Services Division**

During 2008-09, the Board provided project management for the following facilities:

- Technical services at the Headingley Correctional Center

## **3.0 Sustainable Development**

On July 1, 1998, the Province proclaimed *The Sustainable Development Act*. The Act requires all Crown Corporations to:

- prepare and adopt a code of practice by July 2003
- prepare and adopt procurement guidelines and goals by December 2002, and
- prepare and adopt financial management guidelines by July 2003

The Board presently has policy guidelines, which deal with all of the requirements of the Act.

The Board considers wastewater and water infrastructure as a basic amenity required to safeguard public health and to provide economic development opportunities for the sustainability of Manitoba's communities.









## **The Manitoba Water Services Board**

### **Management Report**

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The accompanying financial statements are the responsibility of management and have been prepared in conformity with the accounting policies noted in the financial statements. The statements are examined by the Office of the Auditor General of the Province of Manitoba, whose opinion is included herein.

To fulfil this responsibility, management maintains internal control systems to provide reasonable assurance that the accounts and records accurately reflect all transactions, and that appropriate policies and procedures are established and respected.

The Provincial Auditor General has free access to the Board of Directors, with and without management present, to discuss the results of their audit and the quality of financial reporting of the Board.

R. Menon, P.Eng.  
General Manager

C. Brigden  
Financial Officer

June 5, 2009





OFFICE OF THE  
AUDITOR GENERAL  
MANITOBA

## AUDITORS' REPORT

To the Legislative Assembly of Manitoba  
To the Board of Directors of The Manitoba Water Services Board

We have audited the balance sheet of The Manitoba Water Services Board as at March 31, 2009, the statements of operating revenues and expenses and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2009, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Office of the Auditor General*

Office of the Auditor General

Winnipeg, Manitoba

June 5, 2009, except as to Note 15 which is as of  
August 25, 2009



The Manitoba Water Services Board

**Balance Sheet**

Exhibit A

as at March 31, 2009, with comparative figures for 2008

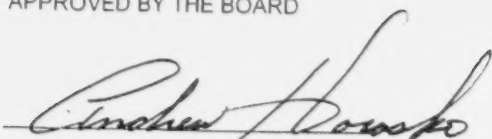
ASSETS	2009	2008
Current assets		
Cash	\$ 2,400,868	\$ 921,536
Accounts receivable	5,957,273	5,525,755
Prepaid supplies	58,858	74,678
Current portion, construction in progress (Note 5)	55,781	574,389
Accrued interest	4,719	16,434
	<u>8,477,499</u>	<u>7,112,792</u>
Long-term construction in progress (Note 5)	1,131,383	1,025,155
Property plant and equipment (Note 6)	13,304	13,304
	<u>\$ 9,622,186</u>	<u>\$ 8,151,251</u>
LIABILITIES	2009	2008
Current liabilities		
Accounts payable and accrued charges	\$ 5,624,093	\$ 3,079,420
Advances from the Province of Manitoba payable on demand (Note 16)	4,300,000	6,200,000
	<u>9,924,093</u>	<u>9,279,420</u>
Funds retained (deficit) (Notes 7 and 14)	(401,907)	(1,228,169)
Interest adjustment fund account (Note 8)	100,000	100,000
	<u>(301,907)</u>	<u>(1,128,169)</u>
	<u>\$ 9,622,186</u>	<u>\$ 8,151,251</u>

Commitments - Note 10

Contingencies - Note 11

Subsequent Event - Note 15

APPROVED BY THE BOARD



**Statement of Operating Revenues and Expenses**

as at March 31, 2009, with comparative figures for 2008

	2009	2008
<b>Revenues</b>		
Sale of water	\$ 2,627,971	\$ 2,275,039
Administrative expenses paid by the Province of Manitoba (Note 9)	2,020,440	1,881,915
Interest	31,887	77,152
	<hr/>	<hr/>
Total revenues	4,680,298	4,234,106
	<hr/>	<hr/>
<b>Expenses</b>		
Direct expenses for water supply plants		
Interest - Advances payable on demand	164,450	490,872
- Long-term debt	-	215
Less: Interest allocated to new construction	(229,323)	(415,621)
	<hr/>	<hr/>
	(64,873)	75,466
Chemicals	36,945	24,095
Amortization	-	-
Heat, telephone, light and power	511,761	413,902
Professional services	1,336,945	1,251,077
Salaries and benefits	202,462	149,906
Repairs and maintenance	129,956	78,443
	<hr/>	<hr/>
Administrative expenses (Note 9)	2,020,440	1,881,915
	<hr/>	<hr/>
Total expenses	4,173,636	3,874,804
	<hr/>	<hr/>
Excess of operating revenues over expenses	506,662	359,302
Funds retained (deficit), beginning of year	(1,228,169)	(1,612,320)
Disposition of funds (Note 7)	319,600	24,849
	<hr/>	<hr/>
Funds retained (deficit), end of year (Note 7)	\$ (401,907)	\$ (1,228,169)
	<hr/>	<hr/>

**The Manitoba Water Services Board**  
**Statement of Cash Flows**

**Exhibit C**

as at March 31, 2009, with comparative figures for 2008

	2009	2008
Cash provided by (used for):		
Operating activities		
Excess of operating revenues over expenses	\$ 506,662	\$ 359,302
Change in accounts receivable	(431,518)	(1,836,474)
Change in prepaid supplies	15,820	(3,299)
Change in accounts payable and accrued charges	2,544,673	(1,451,782)
Change in accrued interest	11,715	24,857
Cash provided by (used for) operating activities	2,647,352	(2,907,396)
Financing activities		
Advances received	11,600,000	9,900,000
Advances repaid	(13,500,000)	(13,903,909)
Cash provided by (used for) financing activities	(1,900,000)	(4,003,909)
Investing activities		
New construction costs	(38,807,137)	(29,232,547)
Funding recovered from:		
Province of Manitoba	11,671,029	13,326,270
Municipalities	27,548,488	23,122,162
Decrease in construction in progress	412,380	7,215,885
Plant surplus transferred to municipalities on disposition	319,600	24,849
Cash provided by (used for) investing activities	731,980	7,240,734
Increase in cash	1,479,332	329,429
Cash, beginning of the year	921,536	592,107
Cash, end of the year	\$ 2,400,868	\$ 921,536

Interest paid during the year ended March 31, 2009 amounted to \$164,450 (2008 - \$491,087)

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**The Manitoba Water Services Board**  
**Notes to Financial Statements**  
for the year ended March 31, 2009

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**1. NATURE OF ORGANIZATION**

The Manitoba Water Services Board (Board) was established in July 1972 under *The Manitoba Water Services Board Act* to assist in the provision of water and sewage facilities to the residents of rural Manitoba. The Board assists municipalities with the development of sustainable water and wastewater works, including; water supply, treatment, storage and distribution; collection and treatment of sewage; the disposal of treated effluent and waste sludge in an environmentally sustainable manner and the provision of drought resistant, safe water supplies to rural residents for domestic and livestock needs.

**2. SIGNIFICANT ACCOUNTING POLICIES**

(a) Basis of accounting

The financial statements have been prepared using Canadian generally accepted accounting principles (GAAP). Operating results of all water supply plants operated by the Board are reflected on an aggregate basis in the statement of Operating Revenue and Expenses. Separate equity accounts are maintained for each plant operated by the Board (Note 7).

(b) New Accounting Policies Adopted

Effective April 1, 2008, the Board adopted the following new handbook sections issued by the Canadian Institute of Chartered Accountants (CICA):

*Section 1535, Capital Disclosure*

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance. (Note 4)

*Section 3862, Financial Instruments - Disclosure*

Section 3862 modifies the disclosure requirements for financial instruments that were included in Section 3861, *Financial Instruments - Disclosure and Presentation*. The new standards require an entity to provide disclosures in its financial statements that enable users to evaluate the significance of financial instruments on its financial position and performance, the nature and extent of the risks to which it is exposed during the period and at the balance sheet date, and how those risks are managed.

*Section 3863, Financial Instruments - Presentation*

Section 3863 carries forward the presentation requirements of Section 3861, *Financial Instruments - Disclosure and Presentation*, unchanged.

The above noted new standards have no impact on the recognition, measurement or presentation of financial instruments in the Board's year-end financial statements.

*Section 1400, General Standards of Financial Statement Presentation*

Section 1400 has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. This amendment is effective for interim and annual financial statements beginning on or after January 1, 2008. The adoption of these changes have no impact on the Board's financial statements.



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**The Manitoba Water Services Board**  
**Notes to Financial Statements**  
for the year ended March 31, 2009

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**SIGNIFICANT ACCOUNTING POLICIES (continued)**

(c) Capital assets

Capital assets represent water supply plants owned by the Board. They are recorded at cost and amortization is calculated on a straight-line basis over the following terms:

Plants constructed prior to January 1, 1972	equipment	18 years
	buildings	35 years
Plants constructed after January 1, 1972	equipment	20 years
	buildings	20 years

Capital assets which are constructed by the Board are recorded as Construction in Progress until the Capital asset is put into use and ownership is transferred to the appropriate municipality. Financing costs are included in the Construction in Progress amounts.

(d) Revenue recognition

Revenue from sale of water is recognized in the period when consumed by the town or municipality.

(e) Administrative expenses paid by the Province of Manitoba

Administrative expenses are paid by the Province of Manitoba on behalf of the Board and recorded at the exchange amount agreed to by the related parties in the financial statements.

(f) Pension costs and obligations

The Board's employees are eligible for membership in the provincially-operated Civil Service Superannuation Plan. The pension liability for Board employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, no provision is recorded in the financial statements related to the effects of participation in the pension plan by the Board and its employees.

**3. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

- (a) Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial assets and liabilities of the Board are classified and measured as follows:

<u>Financial Asset/Liability</u>	<u>Category</u>	<u>Subsequent Measurement</u>
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accrued Interest	Loans and receivables	Amortized cost
Accounts payable and accrued charges	Other financial liabilities	Amortized cost
Advances from Province of Manitoba	Other financial liabilities	Amortized cost

Amortized cost is determined using the effective interest rate method.

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**The Manitoba Water Services Board**  
**Notes to Financial Statements**  
for the year ended March 31, 2009

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**FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)**

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of operating revenues and expenses in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of operating revenues and expenses for the current period. Changes in fair value on financial instruments classified as available for sale are recorded in a statement of other comprehensive income until realized, at which time they are recorded in the statement of operating revenues and expenses.

**(b) Fair value of financial instruments**

Due to the redeemable nature of cash its carrying value is considered to be fair value.

The fair values of accounts receivable, accrued interest, accounts payable and accrued charges, and advances from the Province of Manitoba payable on demand approximates their carrying values due to their short-term maturity.

The Board does not establish an allowance for doubtful accounts as the potential for any receivables impairment is negligible.

The aging of accounts receivable as at March 31, 2009 was:

Current	\$4,659,695
30-60 days past billing date	\$1,297,578
Balance	<u>\$5,957,273</u>

**(c) Financial risk management - overview**

The Board has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- interest rate risk; and
- foreign currency risk

The Board manages its exposure to risks associated with financial instruments that have the potential to affect its operating performance. The Board's Directors have the overall responsibility for the establishment and oversight of the Board's objectives, policies and procedures for measuring, monitoring and managing these risks.

The Board has exposure to the following risks associated with its financial instruments:

*Credit risk*

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Board to credit risk consist principally of cash, accounts receivable and accrued interest.

The maximum exposure of the Board's credit risk at March 31, 2009 is:

Cash	\$2,400,868
Accounts receivable	\$5,957,273
Accrued interest	<u>\$ 4,719</u>
	<u>\$8,362,860</u>

## Notes to Financial Statements

for the year ended March 31, 2009

### FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

**Cash:** The Board is not exposed to significant credit risk as the cash is primarily held with a large reputable financial institution.

**Accounts receivable:** The Board is not exposed to significant credit risk as the receivables are with Municipal and other government entities and payment in full is typically collected when it is due. Credit evaluations are done for each Rural Municipality.

**Accrued Interest:** The Board is not exposed to significant credit risk as the accrued interest relates to three receivables with municipalities/towns for ongoing construction and payment is anticipated at the completion of the work.

#### *Liquidity risk*

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they come due. The Board manages liquidity risk by maintaining adequate cash balances and by appropriately utilizing working capital advances as required. The Board prepares and monitors detailed forecasts of cash flows from operations and anticipated investing and financing activities. Identified capital supply requirements are reviewed and approved by the Minister of Finance to ensure adequate funding will be available to meet the Board's obligations utilizing bridge financing through *The Loan Act*. The Board continuously monitors and reviews both actual and forecasted cash flows through periodic financial reporting.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash, accounts receivable, accrued interest, accounts payable and accrued charges, and advances from the Province of Manitoba.

The interest rate risk on the above exposures is considered to be low because of their short-term nature.

#### *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Board is not exposed to significant foreign currency risk as it does not have financial instruments denominated in foreign currency.

### 4. CAPITAL MANAGEMENT

The Board's objective when managing capital is to maintain sufficient capital to cover its costs of operation. The Board's capital consists of funds retained (deficit) provided from operations (\$401,907) [2008 (\$1,228,169)] and interest adjustment fund account \$100,000 [2008 - \$100,000] allocated from retained earnings.

The Board's capital management policy is to: maintain sufficient capital to meet its objectives through its funds retained (deficit); meet short-term capital needs with working capital advances from the Province of Manitoba through *The Loan Act*; and meet long-term capital needs through long-term debt with the Province of Manitoba. Presently there is no long term debt.

The Board is subject to externally imposed capital requirements relating to the administration of the Board in accordance with *The Manitoba Water Services Board Act* and accompanying regulations.

There have been no changes in the Board's approach to capital management during this period.

The Manitoba Water Services Board

# Notes to Financial Statements

for the year ended March 31, 2009

## 5. CONSTRUCTION IN PROGRESS

	2009	2008
Balance, beginning of year	\$ 1,599,544	\$ 8,815,429
New construction costs	38,807,137	29,232,547
	<u>40,406,681</u>	<u>38,047,976</u>
Funding recovered from:		
Municipalities	27,548,488	23,122,162
Province of Manitoba	11,671,029	13,326,270
	<u>39,219,517</u>	<u>36,448,432</u>
Balance, end of year	1,187,164	1,599,544
Less: current portion	<u>55,781</u>	<u>574,389</u>
Long-term Construction in Progress	<u>\$ 1,131,383</u>	<u>\$ 1,025,155</u>

## 6. PROPERTY PLANT AND EQUIPMENT

	2009	2008
Land and easements	\$ 13,304	\$ 13,304
Buildings	645,771	645,771
Less: accumulated amortization	<u>645,771</u>	<u>645,771</u>
	<u>-</u>	<u>-</u>
Equipment	189,970	189,970
Less: accumulated amortization	<u>189,970</u>	<u>189,970</u>
Total property plant and equipment	<u>\$ 13,304</u>	<u>\$ 13,304</u>

**The Manitoba Water Services Board**  
**Notes to Financial Statements**

for the year ended March 31, 2009

**7. FUNDS RETAINED (DEFICIT)**

Funds retained (deficit) consist of accumulated excess revenues over expenses pertaining to the water supply plants owned and operated by the Board for the benefit of municipalities and pertaining to plants operated by the Board under agreements with municipalities. Separate equity accounts are maintained for each plant operated by the Board. Municipalities are responsible for any deficit balances and are given credit for surplus balances whenever plant operating responsibilities are transferred to the municipalities.

Funds retained (deficit) also include the gain on the sale of the Red River Regional Water Supply System of \$31,759.

	No.	2009 Amount	No.	2008 Amount
<b>Plants owned by the Board</b>				
Plants with a deficit	6	\$ (952,292)	5	\$ (1,516,821)
Plants with a surplus	2	<u>518,626</u>	3	<u>256,893</u>
Total funds retained (deficit), water supply plants	8	\$ <u>(433,666)</u>	8	\$ <u>(1,259,928)</u>
<b>Other Funds Retained</b>				
		\$ 31,759		\$ 31,759
Total funds retained (deficit)		\$ <u>(401,907)</u>		\$ <u>(1,228,169)</u>

During 2008/2009 disposition of funds includes capital works approved by the Board for the Baldur Water Treatment Plant, the Winnipegosis Water Treatment Plant, and a contingency fund and additional service connections for the Cartier Regional Water System.

# Notes to Financial Statements

for the year ended March 31, 2009

## 8. INTEREST ADJUSTMENT FUND ACCOUNT

The Board allocates interest costs to construction projects and to the operations of water supply plants at a rate comparable to the Board's cost of borrowing. The interest allocated and the actual net interest cost incurred by the Board are recorded in the Interest Adjustment Fund Account. Board policy is to maintain a balance of \$100,000 in the Interest Adjustment Fund Account to absorb any shortfall in the allocation of actual net interest costs for the year. Interest costs were fully allocated for both the current and the preceding year.

## 9. ADMINISTRATIVE EXPENSES PAID BY THE PROVINCE OF MANITOBA

Administrative expenses paid by the Province of Manitoba and included in expenses are as follows:

	2009	2008
Professional services	\$ 8,868	\$ 13,856
Salaries and benefits	1,747,272	1,610,166
Telephone and utilities	17,471	14,083
Travel	4,100	4,630
Rental for office premises	153,780	156,117
Other administrative	88,949	83,063
	<u>\$ 2,020,440</u>	<u>\$ 1,881,915</u>

## 10. COMMITMENTS

	2009	2008
The Board has commitments as follows:		
Signed agreements and offers for construction of sewer and water systems for municipalities and cooperatives.	\$ 45,291,000	\$ 41,366,800
These commitments are expected to be funded as follows:		
Subsidization of construction costs - Province of Manitoba	\$ 20,265,900	\$ 18,725,800
Recovery of construction costs - Municipalities and Cooperatives	25,025,100	22,941,000
	<u>\$ 45,291,000</u>	<u>\$ 41,666,800</u>

**The Manitoba Water Services Board**  
**Notes to Financial Statements**  
for the year ended March 31, 2009

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**11. CONTINGENCIES**

The Board is involved in legal proceedings arising in the normal course of business, the outcome of which cannot be predicted at this time. In the opinion of management, the disposition of these cases will not materially affect the financial position of the Board. Any settlement will be recognized in the year the settlement occurs.

**12. RELATED PARTY TRANSACTIONS**

The Board is related in terms of common ownership to all Province of Manitoba created Departments, Agencies and Crown Corporations. The Board enters into transactions in the normal course of operations and they are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

**13. USE OF ESTIMATES**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**14. ECONOMIC DEPENDENCY**

The Board is economically dependent on the Province of Manitoba.

**15. SUBSEQUENT EVENT**

Subsequent to year-end, a tentative settlement has been reached, dated July 29, 2009, in favour of the Board and other parties, in relation to construction and design deficiencies with respect to an upgrade at a sewage treatment facility. A Statement of Claim was filed in October 2000. All formal agreement and releases are proceeding between the parties.

**16. UNFIXED ADVANCES FROM THE PROVINCE OF MANITOBA**

The Board finances construction in progress by borrowing advances from the Province through *The Loan Act*. The Board pays interest on these unfixed advances. Interest payable is set at Prime less 0.75%. During 2008/2009 the rate of interest charged was between 2.25% - 4.75% on a quarterly basis. These advances are repaid once funding is received from the municipalities and cooperatives and the Province for their share of the eligible project costs.

As at March 31, 2009, the Province had unused authority of \$35,462,500 under *The Loan Act, 2008* to provide future financing to the Board for construction of municipal sewer and water facilities on behalf of municipalities and cooperatives.

